



LEGISLATIVE UPDATES

This past legislative session produced several changes to the Unemployment Insurance (UI) Program. Among these changes are the lowering of UI tax rates for the "New Employer" category of employers, the exemption of UI taxes when the amount due is less than \$10.00, an increase in the weekly UI benefit from \$205 to \$240 (effective July 1, 2004) and effective January 1, 2005 stipulates that an individual is not unemployed if they were paid severance or separation pay.

Rate Change (effective January 1, 2005)

The new employer rate changes from 2.70% to 2.00%.
(This change only affects rate years 2005 and after; prior years remain at 2.70%)

Tax Due Exemption

Beginning with the quarterly report for the quarter ending 12/31/04 (due on January 31, 2005) any combination of UI taxes and Job Training Tax (JTT) **totaling less than \$10.00** is not due or payable to the Department (\$10.00 or more is due and payable).

Need more Information? Please visit the UI website at www.azui.com.

TAX RATE NOTICES

During the last quarter of each year, the Unemployment Insurance tax rates for the next calendar year are determined. This process, which begins in October, culminates with the issuance of the Tax Rate Notices in January.

TAX RATES

New employers (other than successors to existing employers) are automatically assigned a tax rate of 2.70% (2.00% for 2005) for a minimum of two calendar years. After that, employers may be eligible for a higher or lower tax rate depending on:

- the amount of UI taxes paid;
- the amount of unemployment benefits paid to former employees and charged to the employer's account;
- the average size of the employer's annual taxable payroll;
- the overall solvency of the Unemployment Trust Fund

These four factors are used to compute an employer's tax rate using a "reserve ratio" system-basically a cost accounting system. More information on how rates are computed can be found on the UI website at www.azui.com.

VOLUNTARY TAX PAYMENTS

Have you ever wondered how you can lower your UI tax rate? Consider making a Voluntary Payment! Included on the UI Tax rate Notices is information about making a voluntary payment to reduce your tax rate.

The notice explains how to calculate the amount you can pay to improve your reserve ratio and thereby lower your tax rate. By comparing the voluntary payment amount with your potential reduction in taxes, you can determine if you will save money by making a voluntary payment. If you meet the requirements to make a voluntary payment, the amount of the voluntary payment necessary to obtain the next lower tax rate is shown on your notice.

Please note that this program is not available to all employers. If you do not qualify for other than the "New Employer" rate of 2.70% (2.00% for 2005) or if your rate is at the lowest rate possible, you do not meet the requirements and may not make a voluntary payment.

It is important to read the rate notice carefully and follow the instructions on the reverse side to determine whether or not making a voluntary payment would be beneficial. Voluntary payments are used to reduce the

UI rate only and **are not** in lieu of any other taxes due. **Voluntary payments must be postmarked no later than January 31st of the tax year for which the notice is issued.**

JOB TRAINING TAX

In January 2001, a 0.10% Job Training Tax (JTT) was imposed to fund the Arizona Job Training Program, administered by the Arizona Department of Commerce. The JTT is a separate tax not included in the Unemployment Insurance Tax rate. It is, however, reported on the same form as the UI quarterly wages. The quarterly Unemployment Tax and Wage Report includes line 7, which is entitled "Job Training Tax."

Certain employer groups are **exempt** from liability to pay the JTT. The exempt employer groups are those with a UI tax rate of less than 0.10%, or a UI tax rate of 2.00% or higher. Employers who are qualified for and have chosen the Reimbursement Option are also exempt from paying the JTT.

The intention of the Arizona Job Training Program is to create quality employment opportunities and raise the per capita income of Arizona residents by increasing worker skill levels.

Questions about the Job Training **TAX** can be answered by the Experience Rating Unit at (602) 248-9101 ext. 5501 or visiting the UI website at www.azui.com.

Questions about the Job Training **PROGRAM** can be answered by the Department of Commerce at (602) 771-1100 or by visiting their website at www.azcommerce.com.

SHARED WORK PROGRAM

Ever wish you could avoid layoffs during a temporary work slowdown? You may want to check out the Shared Work Program.

Shared Work is a method of dividing the available work among eligible employees during temporary cutbacks in production or services. Eligible employees can then receive partial UI benefits.

Additional information about the program may be obtained by calling the Special Programs Office at (602) 495-1861, on the UI website at www.azui.com or by mail to:

Shared Work Program
PO Box 6666
Phoenix, Arizona 85005

WHO TO CONTACT WITH QUESTIONS ABOUT UNEMPLOYMENT

Benefit Questions

Fax:

602-364-2722

602-364-1211

Mailing Address:

PO Box 29225, Phoenix, AZ 85038-9225

Tax Questions

Employer Accounting Unit:

602-248-9354

Fax:

602-650-1451

uit.accounting@azdes.gov

Unemployment Insurance Tax and Wage Report

Employer Status Unit:

602-248-9396

Fax:

602-650-1298

uit.status@azdes.gov

Registration of new employers; acquisitions of existing businesses;
Changes to existing accounts

Experience Rating Unit:

602-248-9101

Fax:

602-277-3404

uit.experience@azdes.gov

UI Tax Rates; Benefit Charge Notices

Collections

602-248-9354

Fax:

602-277-3351

uit.collections@azdes.gov

Past due payments; payment scheduling; lien or levy information

Tax Appeals

602-248-9354

Fax:

602-650-1610

Mailing Address:

PO Box 6028, Phoenix, AZ 85005-6028

Tax Field Audit Offices

	Phone Number	Fax Number
Phoenix East:	602-952-1815	602-952-1758
Glendale:	602-371-0590	602-371-1053
Mesa:	480-345-1573	480-345-8783
Tucson:	520-628-6820	520-628-6826
Lake Havasu:	928-855-5178	928-855-7564
Prescott:	928-778-4121	928-771-9498
Showlow:	928-532-4377	928-532-4359
Sierra Vista:	520-458-7166	520-452-9028

Equal Opportunity Employer/Program ♦ Under the Americans with Disabilities Act (ADA), the Department must make a reasonable accommodation to allow a person with a disability to take part in a program, service, or activity. For example, this means that if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair-accessible location, or enlarged print materials. It also means that the Department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. This document is available in alternative formats by contacting your local UI Tax office.